

INITIAL STATEMENT OF REASONS
BUSINESS PARTNER AUTOMATION (BPA) PROGRAM

TITLE 13, ARTICLE 3.6.

Sections 225.00, 225.03, 225.06, 225.09, 225.21, 225.35, 225.38, 225.45
225.48, 225.54 and 225.72

Vehicle Code section 1685 authorizes the department to contract with private industry partners to electronically process and update vehicle registration and titling transactions to the department's vehicle registration database. Regulations have been in place since 2002. The department, in an ongoing effort to improve customer service and allow business partners various options to serve their customers, will authorize business partners to process additional types of vehicle registration transactions.

The department proposes to amend Sections 225.00, 225.03, 225.06, 225.09, 225.21, 225.35, 225.38, 225.45 225.48, 225.54 and 225.72 to clarify and amend program requirements and add new types of vehicle registration transactions in the BPA Program.

§225.00. Definitions.

Subdivisions (a) through (j) are proposed to be amended and the definition formatting has been changed to provide a clearer and more concise standard description for each of the words being defined.

Subdivision (c) is proposed to be amended to identify the new inventory items authorized when the proposed vehicle transactions are processed by the business partners. When salvage and non-repairable vehicle transactions are processed, a salvage or non-repairable certificate, based on the transaction requested, becomes the titling document.

Subdivision (d) is proposed to add a new definition and define "business partner" because other entities may become qualified private industry partners with the department. This definition was included as subdivision (d) because the terms are listed alphabetically to provide an efficient means to find a definition within the subdivision.

The original definitions in subdivision (d) though (h) are proposed to be re-designated as subdivisions (e) through (j).

§225.03. Application Requirements.

Subdivision (a)(1) is proposed to be amended to identify the revised first-line business partner's original application form, entitled *Business Partner Automation Application, First-Line Business Partner* form, REG 4024 (REV. 7/2007). The following changes have been made to the form: In part I, line 3, the Internet address has been deleted and a mailing address required to be completed when the mailing address was different from the street address on line 2 of part I. In part IV, line 3, an email address has been added to provide

a timely method of communicating with the business partner's contact person. In part VII, the estimated volumes of the additional types of transactions have been included. In part X, above the signature line, the city, county and state have been deleted as allowed by Code of Civil Procedure (CCP) section 2015.5. At the bottom of the page, the return address was amended for the Business Partner Automation Program and its current mail station, C383. The change on the second page deletes the city, county and state location where the certification occurred as allowed in CCP section 2015.5.

Subdivision (a)(2) is proposed to be amended to identify the revised first-line service provider's original application form, entitled *Business Partner Automation Application, First-Line Service Provider Business Partner* form, REG 4023 (REV. 7/2007). The same changes made in the first-line business partner's application form have been made in the first-line service provider's application form.

Subdivision (a)(3) is proposed to be amended to identify the revised second-line business partner's original application form, entitled *Business Partner Automation Application, Second-Line Business Partner* form, REG 4025 (REV. 7/2007). The same changes made in the first-line business partner's application form have been made in the second-line business partner's application form.

Subdivision (b) is proposed to be amended to identify the correct address of the BPA Program Administrator. The mail station has been changed from E383 to C383 as program staff moved from the fifth floor to the third floor.

Subdivision (c) is proposed to be amended to identify the revised form number for the Business Partner Automation Program Information Security Pre-Implementation Checklist for First-Line Business Partner and First-Line Service Provider form, EXEC 5555A (NEW 11/2002) and the Business Partner Automation Program Information Security Pre-Implementation Checklist for Second-Line Business Partner form, EXEC 5555B (NEW 11/2002). The unit responsible for the department's information security has been moved into another division of the department and the INV, for Investigations division, was deleted. The content within the forms remains the same.

§225.06. Fingerprints.

Subdivision (a)(1)(B) and (b)(1)(F) are proposed to be amended to correct a typographical error. The word "alias" is both singular and plural. Thus, the two subdivisions are proposed to be amended to "alias".

§225.09. Financial Security Requirements.

Subdivision (a) is proposed to be amended to identify the revised surety bond, entitled *Business Partner Automation Surety Bond* form, REG 866 (REV. 7/2007). A contact telephone number and address for the BPA Program Administrator has been added to the upper left hand corner. On page 2, the

perjury statement in the Acknowledgment of Surety portion of the form has been amended to comply with the Code of Civil Procedure section 2015.5. A statement about the bond signed by a surety representative under an unrevoked power of attorney has been added before the Acknowledgment of Surety portion of the form. The page number and total page number of the form was added to the bottom of each form page. The language is amended to inform the affected public that the conditions of the bond are listed in the surety bond.

Subdivision (a) (1) is proposed to be deleted as the surety bond requirement has changed and thus this language is no longer valid.

Subdivision (a) (2) is proposed to be re-designated as subdivision (a)(1) and the term “cash” is deleted to comply with Section 995.710 of the Code of Civil Procedure which allows a variety of deposit alternatives besides cash.

Subdivision (b) is proposed to be amended to identify the various vehicle transactions processed by a second-line business partner that requires the business partner to maintain a bond in the amount of fifty thousand dollars (\$50,000) and the ten thousand dollars (\$10,000).

Subdivision (c) is proposed to be deleted from this section and added to proposed Section 225.38(a). The language that is proposed to be deleted is not about financial security requirements, but the main emphasis is on a business partner’s obligations to the department and the state. Proposed Section 225.38 informs the business partners of its obligations to the department and the state.

Existing subdivision (d) is proposed to be re-designated as subdivision (c). A new subdivision (d) is proposed to be added identify the department’s alternative agreement document as authorized in Code of Civil Procedure (CCP) section 995.710. The document is entitled *Business Partner Deposit Agreement and Assignment* form, REG 4029 (NEW 7/2007) which is incorporated by reference. This new form provides participants with the various alternatives to a surety bond listed in CCP section 995.710. The first section of the form asks for the true full name of the depositor(s) and his/her/their address. This information is required as the depositor does not have to be the business partner. By providing this information, the depositor is guaranteed to receive the money back when the agreement and assignment meets the conditions of Title 13, section 225.09(e). Otherwise, the department would assume the person acting as depositor is the business partner and the money would be returned to the business partner when the agreement and assignment meets the conditions of Section 225.09(e).

Below the depositor information is a space to list the amount of money to be held as a deposit as required by Title 13 section 225.09. The amount required is based on the type of business partner and on the type of transactions to be processed by the business partner. The various types of monetary alternatives to the surety bond allowed by CCP section 995.710 are listed with spaces to be completed with specific detail about the alternative. In alternative 1), the

blank is to be completed with the amount of “lawful” money that is given by the depositor to the department. In alternative 2), the space provided allows for a detailed description of the bearer bond or notes to be held by the department. In alternative 3), the information required is the name and address of the financial institution where the certificate of deposit (CD) is physically located in addition to the issue date, account number and the dollar amount of the CD. In alternative 4), the information required is the name and address of the financial institution insured by the Federal Deposit Insurance Corporation where the saving account, investment certificate or share account is deposited. The issue date, account number and dollar amount of the deposit is required to specifically identify the money should it need to be used to satisfy a claim presented against the business partner that meets the conditions identified in the deposit agreement and assignment. In alternative 5), the information required is the name and address of the financial institution guaranteed by the National Credit Union Administration or any other agency approved by the Department of Financial Institutions where the certificate for funds or share account is deposited. The issue date, account number and dollar amount of the deposit is required to specifically identify the money should it need to be used to satisfy a claim presented against the business partner that meets the conditions identified in the deposit agreement and assignment.

On page 2 of 4, a space is provided to list the monetary amount of the bond as required by section 225.09 the Business Partner regulations. On page 3 of 4, the signature of the depositor is required and must include the city and county in California where the document is signed, the date the form is signed and the printed or typed name and title of the depositor. This is necessary to provide a complete perjury statement as required in Section 2015.5 of the Code of Civil Procedure. The second half of page 3 of 4 must be completed by the financial institution where the deposit is located. To acknowledge that this money or deposit is available to the department, the financial institution must include on the form the name of the financial institution the printed or typed name and title of the officer that is signing the document, the signature of the officer acknowledging the deposit, the telephone number to contact financial institution should contact be necessary, the city and county in California where the document was signed and the date the document was signed. Page 4 of 4 allows the business partner to add additional information related to the deposit agreement and assignment. When the page is used, the person or persons making the change on the page is required to sign and date the page at the bottom of the form.

Subdivisions (e), (f), (f)(1), (f)(2), and (f)(3) are proposed to be deleted and added to Section 225.38 as subdivisions (b), (c), (c)(1), (c)(2), and (c)(3). The language proposed to be deleted is not about financial security requirements. The language is about a business partner’s obligations to the department and the state. Therefore, a new section is proposed to be added as Section 225.38.

Subdivision (g) is proposed to be re-designated as subdivision (e). As proposed in subdivision (a)(1) the term “cash” is deleted to comply with CCP

section 995.710 which allows a variety of deposit alternatives besides cash. The language proposed to be added provides language to indicate two separate conditions that may occur to release the deposit by the department. The first condition refers to the length of time when a business no longer participates as a business partner and the lack of apparent unpaid claims against the business partner. The second condition is related to the expiration of a business partner's contract and permit. These conditions are authorized by CCP section 995.360.

§225.21. Review of Criminal History Information.

Subdivision (a) is proposed to be amended to identify the revised guidelines entitled, *Occupational Licensing and Disciplinary Guidelines*, (REV. 11/2006). This document is incorporated by reference in Section 440.04, Article 6.1, Title 13, of the California Code of Regulation and has been amended in a separate rulemaking file.

§225.35. Renewal.

Subdivision (a) (1) is proposed to be amended to identify the business partner renewal application form, entitled *Business Partner Automation Program Renewal Application* form, **REG 5056 (REV. 7/2007)**. The changes to the form in Part I add a mailing address when the mailing address is different from the street address. Part II deletes the check boxes of yes and no and informs the person completing the renewal to include any changes with the renewal documents. A space has been added for the signature of the authorized agent of the business partner to sign certifying that there are no changes to the security information.

In part V, line 3, an email address has been added that originally was included in part I. An email address provides a timely method of communicating with the business partner's contact person. In part VI, the name of the agent has been moved to the right of the space and the name of the firm (business partner) has been added to the left of the space.

In part VII, the estimated volumes of the additional types of transactions have been included. In part VIII, the words "first, last" are proposed to be added to each employee name to clarify what information is required for this part of the form.

At the bottom of the page, the return address was amended for the Business Partner Automation Program and the current mail station, C383. The rest of the form remains the same.

§225.38. Business Partner Obligations.

Subdivisions (a) through (c)(3) are proposed to be added and the section entitled *Business Partner Obligations*. The proposed subdivisions were previously included in these regulations as Sections 225.09 (c), (e), (f), (f)(1), (f)(2), and (f)(3). This section is proposed to be added to clarify for business partners their

obligations as a participant in the BPA program that is separate and distinct from financial security requirements.

§225.45. Customer Fees.

Subdivision (b)(2) is proposed to be amended to identify the authorized vehicle registration transactions that are available to business partners, and the maximum amounts a business partner may charge a customer for each type of transaction. This is necessary to fulfill the requirements of Vehicle Code section 1685(c).

§225.48. Transaction Fee.

Subdivision (b) is proposed to be amended to identify the new mail station of the BPA Program Administrator.

§225.54. Transaction Procedures and Inventory Requirements.

This section identifies the handbook that contains the written procedures for processing authorized transactions along with ordering and disposing of inventory by business partners.

The “Business Partner Automation Program Transaction Procedures and Inventory Requirements Handbook” (July 2007) is proposed to be amended to add the procedures and requirements for new transactions, to clarify various procedures and requirements of current transactions, and amend inventory procedures and requirements. The handbook is incorporated by reference. The following amendments have been made in the handbook.

Cover page

The handbook index on the cover page is amended to add six (6) new sections. The date is changed to reflect the current revision date. The word “Index” has a larger font to give it more prominence on the page. These sections provide procedures and requirements for authorized transactions and inventory control for business partners participating in the Business Partner Automation Program. The Index and handbook contents have been amended and reorganized as follows:

- Section C, entitled *Salvage, Nonrepairable, Junks, and Vehicle License Fee Refunds* is proposed to be redesignated as Section H, and entitled *Salvage, Nonrepairable, Junks, Non-Revivable Junk Transactions, and Vehicle License Fee (VLF) Refunds*. Nonrevivable junk transactions are proposed to be added to the types of transactions authorized for business partners and they are appropriately included with these transactions. The term “transactions” was added to clarify what would be processed.

A newly authorized transaction is proposed to be added as Section C, entitled *Legal Owner/Lienholder Transfers*.

- Section D, entitled *Registration Renewal Transactions* is proposed to be redesignated as Section I, and entitled *Registration Renewal*. A newly

authorized transaction is proposed to be added as Section D, entitled *Substitutes and Duplicates* (Indicia).

- Section E, entitled *No Fee Special Moving Permit* is proposed to be redesignated as Section K, and entitled *Vehicle (No Fee) Moving Permit*. A newly authorized transaction is proposed to be added as Section E, entitled *Miscellaneous Originals*.
- Section F, entitled *Inventory Ordering* is proposed to be redesignated as Section L. A newly authorized transaction is proposed to be added as Section F, entitled *Nonresident Vehicles*.
- Section G, entitled *Receiving Inventory* is proposed to be redesignated as Section M. A newly authorized transaction is proposed to be added as Section G, entitled *Vessels*.
- Section H, entitled *Inventory Returns and Disposal* is proposed to be redesignated as Section N.
- Section I, entitled *Inventory Assignment* is proposed to be redesignated as Section O.
- Section J, entitled *Quarterly Physical Inventory Reconciliation* is proposed to be redesignated as Section P. A newly authorized transaction is proposed to be added as Section J, and entitled *Prohibited Transactions*.
- Section K, entitled *List of DMV Forms* is proposed to be redesignated as Section Q.
- Section L, entitled *DMV Contacts* is proposed to be redesignated as Section R.

Page 2

Changes to page two (2) are proposed to make the definitions of accountable and controlled inventory consistent with Section 225.00 of these regulations. The bottom of the page lists the form entitled Business Partner Automation Program Information Security Pre-Implementation Checklist. The Unit responsible for this form was transferred from the Investigation Division to the Executive Division, therefore the form number changed from INV to EXEC 5555B. The form's content remains the same.

Page 3

Changes to page three (3) are proposed to be consistent with changes made in the Index of the handbook. This provides additional information regarding content of the sections.

Page 4

Changes to page four (4) are proposed to apply standard formatting to the titles of each section. The word "Procedures" was added to explain the numbered items at the top of the page. The word "form" was added in the middle of the page to clarify that the title and number refer to a form.

Page 7

The change to page 7 is proposed to apply standard formatting to the title of this section.

Page 8

The change to page 8 is proposed to move the word “form” from under the parentheses to the name of the form, Certificate of Excise Tax Clearance, in the third bullet. This change brings the form name into conformity with the other form names used in the handbook.

Page 9

The changes to page 9 are proposed to amend the fourth bullet to delete the word “executed” and instead use the word “processed”. Although the word “executed” may be more precise, business partner employees may not be familiar with the term and using the word “processed” is the actual function the business partner employees would perform. An “s” was added to the name of the REG 5 to match the form name. The part “A” and part “B” at the bottom of the page were changed to sentences for clarity.

Page 11

The change to page 11 is proposed to delete the parenthesis around the form number. When the form number is used without the name the form number is used without the parenthesis.

Page 12

The changes to page 12 are proposed to add a new step for the business partner employee to include the inquiry screen with the transaction documents. This facilitates the control cashier’s review of the documents and verifies the transaction was processed correctly. The following paragraph is amended to add additional wording to clarify the procedures when the REG 166 or REG 227 is used.

Page 13

The change to page 13 is proposed to delete the list of prohibited transactions from Section B, entitled *Registered Owner Transfers Procedures*. The prohibited transactions are now contained in Section J, *Prohibited Transactions*.

Page 14, 15 and 16

The changes to page 14, 15 and part of 16 are proposed to move the contents of Section C. *Salvage, Nonrepairable, Junks, and Vehicle License Fee Refunds*, to Section H. entitled *Salvage, Nonrepairable, Junks, and Non-Revivable Junk Transactions, and Vehicle License Fee (VLF) Refunds*.

Page 14 also includes the amended section title, C. *Legal Owner/ Leinholder Transfers*. This is a new transaction with the procedures and requirements starting on page 16.

Page 16

Page 16 is proposed to add the procedures and requirements for the different variations of a legal owner/lienholder transfer. This information is necessary to process the new transaction.

Page 17

The change to page 17 is proposed to add the notary signature requirements for insurance companies and when a REG 227 document is used.

Pages 18, 19, 20 and 21

The changes to pages 18, 19 and the top portion of 20 are proposed to move the contents of Section D. *Registration Renewal Transaction Procedures* into Section I, entitled *Registration Renewals*. Page 18 also includes the amended section title, D. *Substitutes and Duplicates*. This is a new transaction with the procedures and requirements starting on page 21.

Page 21, 22 and 23

The content on pages 21, 22 and 23 is proposed to be added to explain the procedure and requirements to process a transaction for substitute plates, plates and/or stickers and documents. This transaction process was initially discussed on page 21 but was expanded to include non-receipt of documents, plates and/or stickers. This information is necessary to process the transaction.

Page 24, 25, 26 and 27

The change to page 24 moves the contents of Section E. *No Fee Special Moving Permit*, to Section K, entitled *Vehicle (No Fee) Moving Permit*. Page 24 also includes the amended section title, E. *Miscellaneous Originals*. This is a new transaction with the procedures and requirements contained on pages 24 through 27 for manufacturer's statement of origin (MSO), Registration of Trailer Coaches, "unavailable records" in DMV's vehicle history database, smog certification and weight certification exceptions, and use tax exemptions.

Page 28, 29, 30, 31, 32, 33 and 34

The changes move the contents of Section F, *Inventory Ordering*, on pages 28 through 30 to Section L. *Inventory Ordering*. Page 28 also includes the amended section title, E. *Nonresident Vehicles*. This is a new transaction with the requirements contained on pages 30 through 34 to process vehicles of new California residents or vehicles acquired outside of the state and then located in California by a California resident.

Page 35

The change to page 35 moves the contents of Section G. *Receiving Inventory* to Section M, entitled *Receiving Inventory*. Page 35 also includes the amended section title, G. *Vessels*. This is a new transaction with the procedures and requirements contained on pages 36 through 39, to process vessel transactions. The section includes a list of various types of vessels that are required to be registered in California and a list of various types of vessels that are not required to be registered in California, the assignment of vessel numbers and carbon monoxide stickers.

Page 40

The change to pages 40 through 45 are proposed to move the content of Section H. *Inventory Returns and Disposal* to Section N, entitled *Inventory Returns and Disposal*. Page 40 also includes the new section title, H. *Salvage, Nonrepairable, Junks, and Non-Revivable Junk Transactions and Vehicle License Fee (VLF)*

Refunds. This section includes the content moved from Section C and adds a new transaction with the procedures and requirements for salvage or non-repairable vehicle certificates.

Page 46

The change to page 46 is proposed to move the contents of Section I. *Inventory Assignment*, to Section O, entitled *Inventory Assignment*. Page 46 also includes the new section title, I. *Registration Renewals*. This section includes the contents moved from Section D. and adds a new transaction with the procedures and requirements for registration renewals. Two minor grammatical changes were amended in the paragraph above the chart on page 47 for clarity.

Page 50

The change to page 50 is proposed to move the contents of Section J. *Quarterly Physical Inventory Reconciliation Procedures*, to Section P. entitled *Quarterly Physical Inventory Reconciliation*. Page 50 also includes the new section title, J. *Prohibited Transactions*. This new section adds a list of the various applications and transactions that cannot be processed by a business partner. The applications or transactions may require additional programming, documentation or mandatory verifications by non-business partners specified in statute. The prohibited transactions are listed on pages 51 through 53.

Page 54 and 55

The change to pages 54 and 55 is proposed to move the contents of Section K. *List of DMV Forms*, to Section Q, entitled *List of DMV Forms*. Page 54 also includes the new section title, K. *Vehicle (No Fee) Moving Permit*. This amended section contains the content moved from Section E with a minor change to the first bullet on page 55 that refers to the computer screen rather than a document.

Page 56

The change to page 56 is proposed to move the contents of Section L. *DMV Contacts*, to Section R, entitled *DMV Contacts*. Page 56 also includes the new section title, L. *Inventory Ordering*. This section contains the content moved from Section F. *Inventory Ordering*. The procedures and requirements on pages 56 through 59 remain the same.

Page 60

The change to page 60 is proposed to add a new Section M, entitled *Receiving Inventory*. This section contains the procedures and requirement content from Section G, entitled *Receiving Inventory*. The procedures and requirements on pages 60 and 61 remain the same.

Page 62

The change to page 62 is proposed to add a new Section N, entitled *Inventory Returns and Disposal*. This section contains the content moved from Section H, entitled *Inventory Returns and Disposal*. The procedures and requirements on pages 62 remain the same.

Page 63

The change to page 63 is proposed to add a new Section O, entitled *Inventory Assignment*. This section contains the content moved from Section I, entitled *Inventory Assignment*. The procedures and requirements remain the same.

Page 64

The change to page 64 is proposed to add a new Section P, entitled *Quarterly Physical Inventory Reconciliation*. This section contains the content moved from Section J, entitled *Inventory Assignment*. The procedures and requirements remain the same.

Page 66

The change to page 66 is proposed to add a new Section Q, entitled *List of DMV Forms*. This section contains the content moved from Section K, entitled *List of DMV Forms*. The procedures and requirements remain the same.

Page 68

The change to page 68 is proposed to add a new Section R, entitled *DMV Contacts*. This section contains the content moved from Section L, entitled *DMV Contacts*. The procedures and requirements remain the same.

§225.72. Voluntary Closing.

Subdivisions (a)(4) and (b)(4) are proposed to be amended to identify the revised name of the department's form unit, entitled Forms and Accountable Items Section. This information provides the business partners with the correct name of the current departmental unit and decreases misrouted mail to the department.

Subdivisions (a)(6), (b)(6) and (c)(6) are proposed to be amended to identify the new mail station for the Field Office Support Unit.

Subdivisions (a)(7), (b)(7) and (c)(7) are proposed to be amended to identify the new mail station for the BPA Program Administrator.